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July 30, 2019

Hon. Michael O’Rielly
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RE: Ex parte filing regarding overbuild with USF funding

Dear Commissioner O’Rielly:

Union Telephone Company has been serving southern Wyoming and parts of northern Utah for over 100 years by providing quality landline and wireless services. Our team consists of 280 employees dedicated to the maintenance of 300 company-owned cell towers and the installation of over 150 miles of fiber every year. There is no better setting to understand the struggle of broadband deployment than the remote and rugged regions of Wyoming. Our state is home to 17 of the 23 counties nationwide with fewer than six people per square mile. To complicate this isolated reality, we face extreme terrain and weather conditions like excessive wind speeds, subzero temperatures, dramatic elevation changes, various wildlife restrictions, and permitting delays that prohibit tower work and fiber construction year-round. Our modest origins have taught us the value of hard work and innovation, qualities upon which we rely when meeting such difficulties. However, we now face a threat that cannot be addressed singlehandedly or through any degree of industriousness; it is a threat that relies on immediate intercession from government leaders and policy makers. We are writing to bring to light the threat of overbuilding, especially through public subsidization, and sincerely ask that the Commission to give this matter its full consideration.

Commissioner O’Rielly, you have expressed concerns about USF-funded overbuilding on several occasions. In a letter to the Chief Executive Officer of the Universal Service Administrative Company (USAC) in March of this year, you stated that “In addition to wasting ratepayer money, USF-supported overbuilding undermines the ability of existing network providers to bring service to unserved areas on their communities.”¹ Union Telephone Company strongly agrees with this statement in general and specifically with respect to one actual and one potential federally funded overbuilds in our region.

In July, Union filed an objection to an application for a \$4.7 million grant from the U.S. Department of Agriculture’s ReConnect Program by a competing company that submitted plans to develop fiber-driven broadband to three towns that Union currently serves in Sweetwater County, Wyoming. The service needs of the region in question are presently met through fixed wireless solutions, which will be further enhanced by Union’s current and pending fiber construction, some of which is subject to a USDA Rural Utilities Service loan. While we understand and acknowledge that federal agencies maintain autonomous jurisdictions over their own programs, we encourage our government to do better. Any application for federal funding ought to be vetted to prevent redundancy and inefficiency.

¹ Letter to Radha Sekar from FCC Commissioner Mike O’Rielly. March 7, 2019.

In a similar overbuild, the Utah Education and Telehealth Network (UETN) requested \$3 million in E-rate funds to expand a fiber network into Daggett County, Utah in partnership with Strata Networks. Union Telephone Company is the designated ILEC in Daggett County and has invested \$5.2 million to serve this area through traditional telephony and, more recently, in constructing fiber optic lines there. We have no quarrel with the applicant and winning bidder directly. These entities were following the procedures of USAC's application process: depending on the type of proposed project, formal requests for proposal (RFPs) are optional; applicants determine the evaluation criteria upon which bids are selected; and the mandatory duration of the competitive bidding process is a mere 28 days. The capacious and complex nature of broadband deployment in rural communities requires a more substantial timeframe to best gauge the feasibility of bidding and then completing these projects.

Regrettably, those who would benefit from greater connectivity as envisioned by these federal programs may not experience it in full. According to Strata Marketing/Public Relations Manager Tyler Rasmussen, "Strata will not be providing fiber service to residents as part of this project...The fiber service will be delivered to [Manila High School and Flaming Gorge Elementary], according to the Utah Education and Telehealth Network (UETN) contract, and may be delivered to the other locations/organizations according to future needs and discussions."² The unintended but unfortunate result of this subsidized overbuild is the isolation of broadband to anchor institutions, leaving behind a wide landscape of marooned residences and small businesses. Union plans to bring fiber to all customers in our ILEC territories. The cornerstone of our business model and our company pride has always been an unwavering commitment to serving our rural neighbors, but our investments have now been skewed by partial competition, at taxpayer expense. These funds could have been more effectively directed to the scores of unserved communities across America. Compounding the issue is the fact that the area of overbuild in Daggett County is an exchange for which Union Telephone Company receives ACAM support. USF has upended the market it was meant to serve by duplicating investment to a location where, when all is said and done, rate-payers may not receive high speed broadband to locations where they need it most.

Public money, like spectrum, is a scarce resource and should be guarded with the same principle of reasoned caution. To avoid similar overbuilds in the future, we recommend that the FCC require E-rate applicants to notify all eligible telecommunications carriers within a prescribed geographic radius in writing upon filing the FCC Form 470 and to incorporate proof of notification in the application for funding. Moreover, we encourage the FCC to adopt and maintain a more definitive national broadband map that utilizes crowd-sourced data meant to inform the industry and the public on current and new broadband developments.

To best support America's stance in the 5G race, existing networks and planned expansions thereof should not be challenged by unnecessary or superfluous development funded by the public. Should your staff require additional insight on how these overbuilds truly affect rural providers and the people they service, please do not hesitate to contact me at the number listed below. Our goal, like yours, is to see a stronger and more unified America through better connectivity. We are grateful for your consideration.

Respectfully,



Chris Reno, CPA, CGMA
Director of Accounting
Union Telephone Company
307-600-0000

² "Fiber-optic internet coming to Daggett County." Strata Networks. January 1, 2017.

<https://www.stratanetworks.com/component/content/article/14-2017-press-releases/54-fiber-optic-internet-coming-to-daggett-county?Itemid=101>